MAY 26, 1978

TO: CITY MANAGER

FROM: DIRECTOR OF ADMINISTRATIVE SERVICES

SUBJECT: PRELIMINARY IMPACT ANALYSIS OF PROPOSITIONS 8 AND 13 ON JUNE 6 BALLOT

This is to provide you with a comparative analysis of Propositions 8 and 13, and a preliminary estimate of the impact on City revenues should either, or both of these measures pass on the June 6 election. Hopefully, this information will be helpful as we approach the review of the budget by the City Council on June 6, 1978.

ISSUE:

Proposition 13 (Jarvis-Gann Initiative) and Proposition 8 (for implementation of the SB 1 - Behr Bill) will have effects on the City of Irvine's finances. What is the likely impact if either or both of these measures pass on the June 6, 1978 ballot?

HISTORY:

Through the initiative petition process, Proposition 13, also known as the Jarvis-Gann Amendment, has been placed on the June 6, 1978 ballot (a complete text of the measure is presented as Attachment I). In reaction to this measure the State Legislature passed SB 1, the Behr Bill, which will become operative if Proposition 8 is approved by the voters on the June 6 ballot. Proposition 8 and the Behr Bill are considered as alternatives to the Jarvis-Gann Amendment, Proposition 13.

ANALYSIS:

PROPOSITION 13 SUMMARY

In reviewing the text of the Jarvis-Gann Initiative, it can be seen that this is a brief measure, however, the impact of the few words are vast and significant. The initial and perhaps best known element of Proposition 13 is that it limits the total amount of taxes on real property to 1% of the "full cash value" of property. Since the 1% limit is levied on full cash value, it is the equivalent under the current property tax system of a $4.00 tax rate per $100 of assessed valuation. This is in contrast to an average residential tax rate of approximately $10.31 per $100 of assessed value. Therefore, the 1% limit represents a reduction of approximately 61% in property taxes paid, and in turn, revenues to all local agencies.

The 1% limit applies to all "districts" within the County and is to be distributed to those districts in a manner yet to be determined by the State Legislature should Proposition 13 pass. The 1% limit is to apply to full cash value on the basis of the 1975-76 assessment role being the base for calculation. After the base year, the value of property can be increased by

the County Assessor each year not to exceed 2% per year. The only exceptions are for the amount of new construction or for a change in ownership of property, in which case the value will go to full cash value for that year and thereafter increase at 2% per year. The affect of these provisions is to significantly restrict the growth of assessed value and property tax revenue, particularly in a growing community like the City of Irvine.

Proposition 13 goes on to prohibit any new ad valorem tax on real property or sales, or transaction taxes on the sale of real property. It further states that any new State taxes require a two-thirds vote of the State Legislature. There is a similar provision against ad valorem taxes and sales taxes on real property for local jurisdictions, with the further provision that any "special tax" would require a two-thirds vote of the qualified electors of that jurisdiction.

The measure would become effective July 1, 1978 if approved by the voters on June 6, 1978, this would leave very little time between passage and implementation; and since there are many unknows relative to this proposition, it will be virtually impossible to fully implement the proposition by the July 1 deadline. This is discussed further below.

PROPOSITION 8/SENATE BILL 1 (BEHR)

In reaction to Proposition 13, the State Legislature adopted SB 1 known as Behr Bill, to become effective if Proposition 8 passes. Proposition 8 would allow for a split in the assessed value role and thereby allow a lower assessment for owner occupied dwellings; this is essential for implementation of the provisions of SB 1. A comparison of Proposition 13 and Proposition 8 as well as the current property tax system is contained in Attachment II.

Briefly, Proposition 8 combined with SB 1 would provide for a reduced assessment for owner occupied dwellings and limit the total amount of property tax revenues, and therefore the property tax rate. Property tax revenue increases beyond the 1977-78 base year would be limited by a very complex formula that essentially limits growth to the "GNP Price Deflator" (currently approximately 6.8%), or The Consumer Price Index. The measure also limits growth in all State revenues to the percent increase in California personal income multiplied times the factor of 1.2, with any revenues in excess of this amount to be paid into a fund for further tax reductions or local revenue sharing.

The foregoing coupled with State funding of certain welfare programs previously carried by the local tax rate will result in an estimated reduction of 30% in homeowners tax bills. The reduction would be in addition to the current $7,000 homeowner exemption. In addition, there is a $75 increase in the tax credit for renters, and additional relief for senior citizen homeowners and renters. These provisions are not contained in Proposition 13.

COMPARISON OF PROPOSITIONS 8 AND 13 - POTENTIAL OUTCOME OF JUNE ELECTION

A detailed comparison of the two measures is contained in Attachment II. An analysis of the two measures as well as information generated by various proponents of each makes it clear that Proposition 13 is a simplistic and unfortunately a meat axe approach to property tax reduction. In its simplicity, Proposition 13 leaves much unsaid for homeowners as to how the reductions are to be accomplished, what will be the impact, and there are even questions as to the constitutionality of the measure. On the other hand, Proposition 8 appears to provide nearly as substantial a savings in the long term, and at the same time the savings are accomplished in a more responsible fashion, providing for specified funding formulas and cutbacks (primarily in eliminating several welfare programs from local property tax levels). Attachment IV presents a comparison of Propositions 8 and 13 on the basis of their relative impacts on taxpayers with various income levels and corresponding homeowner values.

With both Propositions 8 and 13 on the ballot, there are basically four possible outcomes from the June election, these are as follows:

1. If Proposition 13 is defeated or declared unconstitutional after passage, <u>and</u> Proposition 8 (split role assessment) passes, then the Behr Bill (SB 1) will go into effect.

2. If only Proposition 13 passes, it will become law, taking precedence over the Behr Bill.

3. If both Propositions 8 and 13 pass, the split role would become legal. However, it is questionable whether the Legislature would implement this pursuant to Proposition 8 because Proposition 13 would reduce all property taxes to 1% of market value.

4. If both Propositions 8 <u>and</u> 13 are defeated, there would be no change in current property tax system, which limits property tax rates as set forth in the Statutes.

Impact on The City of Irvine

With respect to the specific impact of the two measures on the City of Irvine's tax base, it is possible to estimate the impact of Proposition 8 with fair accuracy; however, the full impact of Proposition 13 is difficult to determine because of many unknowns (explained further below). Based upon assumptions on Proposition 13 contained in Attachment IV, and our understanding of the SB 1/ Proposition 8 formulas, the following is our estimate of revenue losses to the City of Irvine under these measures.

PRELIMINARY ESTIMATE OF REVENUE LOSSES

	PROPOSITION 8 (SB 1)	PROPOSITION 13
Regular Projected 1978-79 Tax Revenue	\$1,736,000	\$1,736,000
Estimated Amount Under Each Proposition	1,555,084	459,514
Projected Loss to City of Irvine	(-\$180,916)	(-\$1,276,486)

The amount of loss shown for Proposition 13 is considered a "best case" analysis, which could vary significantly depending on the accuracy of the many assumptions. A "worst case" analysis could mean total loss of City property tax revenues resulting in the City losing \$1,736,000 in 1978-79 (see Attachment III for calculations).

In order to develop a preliminary impact analysis, it is necessary to make a number of assumptions because of the large number of questions or unknowns relative to Proposition 13. Fourteen major questions are raised in Attachment IV along with assumptions that have been made in order to develop a preliminary impact analysis.

The City of Irvine's initial loss under Proposition 13 is perhaps less than any other city in Orange County due to the fact that we presently have the lowest municipal property tax rate, with the exception of Yorba Linda where there is no property tax rate. An analysis of all cities of Orange County was recently prepared by the Orange County City Managers Association, on the basis of 1977-78 revenues and budgets using slightly different assumptions from those contained in Attachment IV. This analysis is shown on Attachment VI and compares all cities, revealing that Irvine would have the least initial impact.

I should quickly add that the initial impact for Irvine may be minimal but the long term loss could well be very significant. The City of Irvine has been fortunate in having a very good sales tax base and has not relied significantly on property tax income. However, most cities rely more heavily on property taxes and do not have the advantage of a good diversified tax base. Should Proposition 13 pass, there will likely be a redistribution of revenues other than the property tax and significant pressure for the "haves" to share with the "have nots." In this event, the City of Irvine could well lose significant amounts of revenues since we presently have a number of income sources substantially above the majority of cities, particularly on a per capita basis.

I would also like to remind you that the City's fire protection services are presently provided through a separate tax rate under the contract with the County Fire Services. In a recent report to the Orange County Board of Supervisors, the Orange County Fire Chief Carl M. Downs indicated that his operations would have to be reduced by 60% if Proposition 13 were to pass.

Such a cutback would not only reduce the City's current service, but would make it impossible to provide for needed additional services for people presently moving into the City.

Unknowns and the Probability of Pandemonium

As outlined above, there are four possible outcomes of the June election. This coupled with the vagueness of many unanswered questions relative to Proposition 13 makes it very difficult to anticipate or develop a precise estimate of impact on the City of Irvine.

In addition, our analysis indicated at least fourteen major questions or unknowns relative to Proposition 13 (See Attachment IV). In order to resolve many of these questions, it will be necessary for the State Legislature to adopt implementing legislation, and there will likely be litigation on a variety of aspects of Proposition 13, most significantly the constitutionality of the measure. Until the actions of the State Legislature and the courts are known, there remains to be a great deal of uncertainty as to the precise effect of Proposition 13.

CONCLUSIONS AND RECOMMENDATIONS

Based upon the foregoing analysis, it is our conclusion that Proposition 13 defintely has a negative impact and that Proposition 8 coupled with the Behr Bill (SB 1) is less damaging to local government. Because of the uncertainties of the election, staff has prepared the budget on the basis of program priorities. The City Council should make every effort to continue current contingencies (particularly the capital improvement reserve which was established duringthe Mid-Year Budget Reveiw in anticipation of potential adoption of Proposition 13). If Proposition 8 or 13 should pass on June 6, it is my recommendation that the City Council:

1. Continue currently approved programs and services until implementing legislation or litigation is resolved by utilizing contingency funds.

2. Review City Manager's contingency plan recommendations with consideration toward: (a) deletion of low priority programs, (b) delay in implementing certain new programs, and (c) adoption of alternate revenue sources that will reduce the number of programs and services deleted.

3. When unknown essentials are resolved and impact is known, implement the contingency plan.

Under these recommendations if the determination of the precise impact of Proposition 13 is prolonged beyond the funding capacity of current reserves (in no event beyond Mid-Year Budget Review), the City Council will have the option of deleting programs, but not until necessary. In this way the Council can avoid deleting needed programs prematurely or unnecessarily.

Jim Harrington/mp

JAMES R. HARRINGTON
Director of Administrative Services

JRH:mp

Attachments

Property Tax Limitation
Initiative Constitutional Amendment
(The Jarvis Initiative)

The initiative proposes adding Article XIII A to the Constitution to read:

Section 1.

(a) The maximum amount of any ad valorem tax on real property shall not exceed one percent (1%) of the full cash value of such property. The one percent (1%) tax to be collected by the counties and apportioned according to law to the districts within the counties.

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any indebtedness approved by the voters prior to the time this section becomes effective.

Section 2.

(a) The full cash value means the County Assessors valuation of real property as shown on the 1975-76 tax bill under "full cash value", or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occured after the 1975 assessment. All real property not already assessed up to the 1975-76 tax levels may be reassessed to reflect that valuation.

(b) The fair market value base may reflect from year to year the inflationary rate not to exceed two percent (2%) for any given year or reduction as shown in the consumer price index or comparable data for the area under taxing jurisdiction.

Section 3.

From and after the effective date of this article, any changes in State taxes enacted for the purpose of increasing revenues collected pursuant thereto whether by increased rates or changes in methods of computation must be imposed by an Act passed by not less than two-thirds of all members elected to each of the two houses of the Legislature, except that no new ad valorem taxes on real property, or sales or transaction taxes on the sales of real property may be imposed.

Section 4.

Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district, except ad valorem taxes on real property or a transaction tax or sales tax on the sale of real property within such City, County or special district.

Section 5.

This article shall take effect for the tax year beginning on July 1 following the passage of this Amendment, except Section 3 which shall become effective upon the passage of this article.

Section 6.

If any section, part, clause, or phrase hereof is for any reason held to be invalid or unconstitutional, the remaining sections shall not be affected but will remain in full force and effect.

COMPARISON OF THE MAJOR FEATURES OF JARVIS-GANN (PROPOSITION 13) and SB1 (BEHR) AND PROPOSITION 8 (SPLIT ROLE)

	CURRENT	JARVIS - Proposition 13	SB1 - Proposition 8
Basis for Property Tax Levy	Assessed Value	Market Value	Assessed value on a split role allowing lower assessment of owner occupied dwellings.
Local Government Property Tax Limits	Under SB 90, local revenue is limited by a formula based on the Consumer Price Index. population and assessed value. CPI and population effectively set a floor on property tax revenues while assessed value sets the ceiling.	Limits increases in assessed value to 2% per year plus new construction and reassessment due to changes in ownership.	Limits the total amount of property tax revenue and there fore the tax rate by a formula based on percentage changes in the local government GNP deflator.
Rate of Growth in Property Tax Revenues	11% per year recent historic average	Estimated to be 5% to 6% per year computed on a 1975-76 base (2% plus new construction and changes in ownership).	8½% per year estimated computed from a 1977-78 base year.
State Revenue Limits	None	None	Growth in all state revenues limited to percent increase in California personal income multiplied times a 1.2 revenue elasticity factor. Excess revenues to be paid into a fund for further tax reductions or relief, emergencies, or local government revenue sharing.
Homowners	$7,000 homeowner exemption. Property tax rate includes costs for Medi-Cal, SSI/SSP, and AFDC	Statewide average reduction of 57% in property taxes with future increases limited to 5% to 6% per year.	Tax rate would no longer include amounts for Medi-Cal, SSI/SSP, and AFDC. This effectively would result in a reduction of 30% in homeowner tax bills. The reductions would be in addition to the $7,000 homeowner's exemption.
Non-owner occupied property		Same as for homeowners	No immediate reduction but local taxing limits will reduce rate of increases to an estimated 8½% per year.
Renters	$37 income tax credit (welfare recipients excluded)	No direct impact.	$75 income tax credit (welfare recipients would also be entitled)
Senior Citizen Homeowners	Relief based on sliding scale of taxes paid as a percentage of income for persons over 62 and with incomes under $12,000. Assistance allowed on taxes on first $8,500 of assessed value.	No provision	Benefit scale sweetened and income limit raised to $13,000, assessed value limits removed and a $1,500 maximum assistance ceiling inserted.
Senior Citizen Renters	Senior renters with incomes under $5,000 receive assistance based on a formula using a statutory amount of $220 to represent the amount of rent which is property taxes.	None	Scale would be expanded and enriched allowing incomes up to $13,000 and increasing to $250, the statutory amount.

Imposition of New Taxes	None	Requires 2/3 vote of the "qualified electors" to impose new non-property taxes locally and 2/3 vote of both houses of the legislature to impose new state taxes. Local governments and the state would be prohibited from levying any additional ad valorem property taxes.	No provision
Impact on Other Taxes	- -	Undetermined but potentially great due to $7-8 billion loss in local revenues. This revenue in whole or part may be made up by increases in sales, income and bank and corporation taxes.	None directly. The program can be financed for 3-5 years using state surpluses.
Local Revenue Loss	- -	No provision to replace the estimated $7 to $8 billion in lost local property tax revenues. revenues.	State reimbursement for any revenue loss. SB90 reimbursement for implementing split role provisions of Proposition 8.
Effective Dates	- -	July 1, 1978 (Except provision for 2/3 vote of legislature for new taxes which takes effect immediately on passage of Proposition 13.	July 1, 1978 (Only if Proposition 13 fails and if Proposition 8 passes)

PROPOSITION 13 - JARVIS-GANN AMENDMENT
PRELIMINARY IMPACT ANALYSIS

ESTIMATE OF IRVINE`S REVENUE UNDER PROPOSITION 13

1975-76 Base Year Assessed Value =	$ 320,638,700	
+2%/yr. Reassessment Growth	19,238,322	(2% x 3 yrs. = 6%)
	$ 339,877,022	
+ New Construction Growth	101,963,106	(± 10% yr. x 3 = 30%
Sub Total 1978-79 Assessed Value	$ 441,840,128	
	x 4	Market Value = 4 x A.V.)
Total Irvine Market Value	$1,767,360,512	
	x .01	(1% of "Cash Value")
Total Irvine Jarvis Amount	$ 17,673,605	
(for all Taxing Jurisdictions)	x .026	(Irvine`s Share of Composite Tax Rate = 2.6%)
EST. TOTAL 1978-79 JARVIS AMOUNT	$ 459,514	

ESTIMATE OF 178-79 LOSS

1. "BEST CASE": If Cities get pro-rata share $1,736,000
   1978-79 Projected Property Tax Revenue = 459,514
   Less: 1978-79 Jarvis Amount

   Best Case is -9.3% loss: (-$1,276,486)

2. "WORST CASE": If Cities are not considered
   a "District" and get nothing
   1978-79 Projected Property Tax Revenue = $1,736,000
   Less: 1978-79 Jarvis Amount -0-

   Worst Case is -12.9% loss: (-$1,736,000)

100-3B#1

PROPOSITION 13
MAJOR QUESTIONS AND/OR UNKNOWNS
WITH ASSUMPTIONS FOR IMPACT ON IRVINE

1. Are cities included as "districts' to receive apportionment of revenue?

   Assumption: Cities and other taxing entities will be receiving some revenue as "districts."

2. Does Proposition 13 repeal the homeowners exemption and current reimbursement to local government?

   Assumption: That homeowners exemption would continue after 1% limit and City's reimbursement would be reduced in proportion to reduction in revenue.

3. What will be the allocation of 1% maximum tax to all taxing agencies?

   Assumption: Allocation will be proportionate to City's share of tax bill.

4. Will revenue from tax on personal property (business inventory) also be limited to 1% maximum?

   Assumption: That personal property assessed value is not included in 1% limit on real property, and it can increase more than the 2% per year limit.

5. Which City programs or expenditures could not be eliminated?

   Assumption: Those defined under Irvine's "Essential Base Budget" could not be eliminated.

6. What will qualify as "new construction" which would be appraised at current value?

   Assumption: That remodeling or expansion would not be included unless over a certain dollar amount (to be defined by State Legislature).

7. What is a practical definition of "fair market value base?"

   Assumption: That it (and the 2% growth limit) applies to all parcels, whether or not they were currently appraised at full market value in the base year.

8. Will imposition of any new tax (type or amount) require a 2/3rds vote of all qualified electors?

   Assumption: Yes, except ad valorem taxes on real property which are specifically prohibited in any event (based upon League of Cities staff analysis).

9. What is the definition of "qualified elector?"

<u>Assumption</u>: It means all people <u>eligible</u> to register to vote; not just registered voters (based upon League staff analysis).

10. What is the effect on debt financing for capital projects such as general obligation bonds?

<u>Assumption</u>: That any future bonding programs, even if approved by voters would be within the 1% limit for all property taxes. Previously approved bond obligations are clearly excluded from 1% limit.

11. What is the effect of using 1975-76 as the base year? Can the Assessor reconstruct the 1975-76 local role and calculate 2% escalation for succeeding years, and increases for resales and new construction?

<u>Assumption</u>: That County Assessor will be able to do so, but not in time for the 1978-79 tax role (approximately three weeks from election to normal release of tax role on July 1). Initial role for 1978-79 will likely reflect only 1975-76 base year valuation plus 2% per year and new construction for subsequent years, but will not be able to calculate immediately the values for resale. There will likely be an adjustment, a considerable amount of time after release of the 1978-79 "Jarvis Tax Role."

12. Are State assessed properties (primarily utilities) not frozen at 1975-76 value?

<u>Assumption</u>: League of Cities' staff feels property not assessed by County Assessor is excluded from 1975-76 value freeze, and properties assessed by State Board of Equalization will grow normally as with others; this assumption is very debatable.

13. Will declines in market value be recognized?

<u>Assumption</u>: While unclear in Proposition 13, effect would be negligible.

14. Will federal aid be reduced?

<u>Assumption</u>: Reduction in federal revenues are likely, especially Federal Revenue Sharing which is geared to the level of local "tax effort" and would go down as local property taxes are reduced.

TAX IMPACT

The first table which follows shows what an average California homeowner might expect in property tax relief from the Behr (Proposition 8) and Jarvis (Proposition 13) proposals.

The second table indicates roughly what an average home-owning family might expect to pay in increased state income and sales taxes if Proposition 13 is approved and the Legislature passes the Rodda bill to partially compensate for revenue lost by local governments as a result of Proposition 13. (These income tax figures do not take into account the additional increases which indirectly would result from having less property taxes to deduct when filing state and federal income tax returns. They are figured into other tables in this report.)

The third table compares the reduction in income taxes, through higher tax credits, that renters would receive under Proposition 8, with the increase in income taxes they would experience if Proposition 13 were approved and the Rodda bill subsequently passed.

**PROPERTY TAX RELIEF
UNDER PROPOSITIONS 8 AND 13**

Home Value	Current Tax	Prop. 8 Relief	Prop. 13 Relief
$30,000	$617	$196	$329
$40,000	$885	$281	$476
$50,000	$1,153	$365	$615
$60,000	$1,422	$451	$765
$80,000	$1,958	$621	$1,053
$100,000	$2,495	$791	$1,333
$200,000	$5,117	$1,581	$2,705

**BASIC STATE INCOME AND SALES TAX
INCREASES FOR AVERAGE
FAMILY OF FOUR HOMEOWNERS IF BOTH
PROP. 13 AND RODDA BILL PASS**

Adjusted Gross Income	Income Tax Increase	Sales Tax Increase
$15,000	$36	$104
$25,000	$128	$135
$50,000	$560	$197
$100,000	$1,546	$258

**STATE INCOME TAX IMPACT
ON AVERAGE SINGLE RENTERS
IF PROP. 8 PASSES, OR IF
BOTH PROP. 13 AND RODDA BILL PASS**

Adjusted Gross Income	Income Tax Reduction Under Prop. 8	Income Tax Increase Under Prop. 13-Rodda
$7,500	$38	$19
$15,000	$38	$131
$25,000	$38	$348
$50,000	$38	$740

NET TAX SAVINGS

The following tables show what net tax reductions would result from the Behr and Jarvis proposals, using for purposes of comparison four separate homeowning couples with two children.

In each case, the net tax reduction would be more under the Behr bill (Proposition 8).

The examples are based on arbitrary home values and adjusted gross incomes (total incomes minus such exclusions as interest on government bonds and workmen's compensation and such costs as employe business expenses and alimony).

Property taxes under the Jarvis initiative would not be reduced exactly to 1% of a home's full cash value, primarily because the initiative allows this 1% limit to be exceeded if necessary to repay local government bonded debts previously approved by voters. Statewide, these bond repayments would raise the limit an average of another 1/4%.

On lower-priced homes, however, the state-financed homeowners property tax exemption would tend to overcompensate for the 1/4% and reduce the tax to below 1% of full cash value.

The anticipated sales and income tax increases resulting from the Jarvis initiative assume passage of the Rodda bill, which would replace $5.25 billion of the projected $7 billion revenue loss local governments would experience as a result of the Jarvis initiative.

On top of the direct income tax hike under the Rodda bill, there would be an additional indirect increase in the income tax for property owners no matter which property tax relief proposal was approved. This is because there would be less property taxes to deduct when computing income tax liability.

Combining both the federal and state income taxes, the total increases would be substantially higher under the Jarvis initiative. But taken alone, the federal income tax hike would be less under the Jarvis initiative than under the Behr bill. This is because state income taxes would increase much more steeply under Jarvis, and taxpayers then would have these and the sales tax hikes to deduct from their federal taxes.

**$15,000 ADJUSTED GROSS INCOME
WITH $30,000 HOME**

	Prop 8 (Behr)	Prop 13 (Jarvis)
Property Taxes		
Current	$617	$617
Proposed	$421	$288
Reduction	$196	$329
Sales Tax Increase	---	$104
Income Tax Increase		
State	$8	$47
Federal	$41	$39
Net Tax Reduction	$147	$139

**$25,000 ADJUSTED GROSS INCOME
WITH $50,000 HOME**

	Prop 8 (Behr)	Prop 13 (Jarvis)
Property Taxes		
Current	$1,153	$1,153
Proposed	$788	$538
Reduction	$365	$615
Sales Tax Increase	---	$135
Income Tax Increase		
State	$26	$169
Federal	$95	$87
Net Tax Reduction	$244	$224

**$50,000 ADJUSTED GROSS INCOME
WITH $100,000 HOME**

	Prop 8 (Behr)	Prop 13 (Jarvis)
Property Taxes		
Current	$2,495	$2,495
Proposed	$1,704	$1,162
Reduction	$791	$1,333
Sales Tax Increase	---	$197
Income Tax Increase		
State	$87	$710
Federal	$317	$192
Net Tax Reduction	$387	$234

**$100,000 ADJUSTED GROSS INCOME
WITH $200,000 HOME**

	Prop 8 (Behr)	Prop 13 (Jarvis)
Property Taxes		
Current	$5,117	$5,117
Proposed	$3,536	$2,412
Reduction	$1,581	$2,705
Sales Tax Increase	---	$258
Income Tax Increase		
State	$174	$1,369
Federal	$816	$835
Net Tax Reduction	$591	$243

Los Angeles Times
March 13, 1978 part II p. 1.

CITIES	FY 77/78 PROPERTY TAX REV.	POTENTIAL LOSS	FY 77/78 GEN FUND BUDGET	% OF LOST REVENUE TAX	PERMANENT FULL-TIME POSITIONS	EST. POSITIONS ELIMINATED
Huntington Beach	$13,241,987	$9,014,381	$30,976,571	29.1	915	250-300
San Juan Capistrano	884,550	660,433	2,552,000	25.9	53	Unknown
Tustin	1,567,100	963,064	4,433,676	21.7	106	4
Seal Beach	1,668,000	1,380,000	5,046,215	27.3	240	75
Brea	1,552,500	721,519	4,945,847	14.6	187	Unknown
Villa Park	352,094	205,437	1,331,236	15.4	12	Unknown
Fullerton	6,246,400	2,765,642	21,700,000	12.7	643	Unknown
Westminster	1,879,502	1,385,930	9,433,815	14.7	271	42
Anaheim	9,261,282	4,788,945	40,023,725	12.0	1,731	Unknown
Costa Mesa	5,240,345	3,102,576	16,260,930	19.1	532	133
Buena Park	3,036,200	1,819,867	8,939,545	20.4	396	79
Santa Ana	13,096,000	8,639,000	33,266,950	26.0	1,219	382
Cypress	1,476,343	1,047,057	4,500,000	23.3	132	51
San Clemente	1,692,628	1,144,358	4,182,793	27.4	180	72
La Palma	801,143	531,662	1,659,387	32.0	100	12-15
Irvine	1,354,250	815,858	10,935,693	7.5	259	20
Placentia	1,558,330	766,531	4,709,962	16.3	131	8-10
Fountain Valley	2,387,488	1,402,678	7,965,911	17.6	222	50-75
Orange	4,928,032	3,259,200	11,909,919	27.4	555	50-100
La Habra	2,255,000	1,783,496	6,350,699	28.1	201	90-100

Continued.

CITIES	FY 77/78 PROPERTY TAX REV.	POTENTIAL LOSS	FY 77/78 GEN FUND BUDGET	% OF LOST REVENUE TAX	PERMANENT FULL-TIME POSITIONS	EST. POSITIONS ELIMINATED
Newport Beach	$ 7,995,730	$ 3,737,201	$ 20,279,725	18.4	661	100
Laguna Beach	2,435,743	1,607,300	5,812,415	27.7	159	54
Garden Grove*						
Stanton						
Los Alamitos						
TOTAL	$84,910,647	$51,542,135	$257,217,014	21.2% Avg.	8,905	1,557 - 1,612

*Response was received from Garden Grove; however, it was not in a format that could be used for this compilation.